

Banks at a Glance: California

Economic and Banking Highlights

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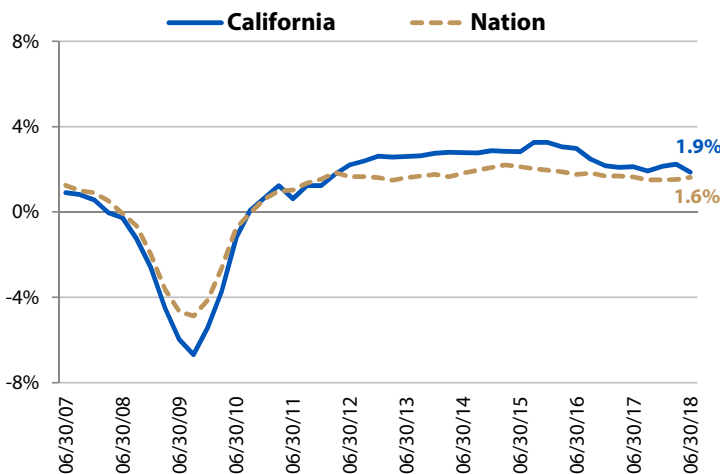
Data as of 6/30/2018

- California's economy outperformed the nation but cooled during the second quarter. Job growth outpaced the national average, reducing the unemployment rate further, yet both metrics converged with respective national averages. Robust home price appreciation decelerated, weighed on by affordability strains, rising interest rates, and net domestic out-migration. Single family permit activity ticked up but remained well below the national average.
- Double-digit loan growth ranked sixth in the nation but moderated relative to recent years. Improved bank profitability from expanded margins and a reduced corporate tax rate supported higher retained earnings, which helped lift the state's average total risk-based capital ratio. Asset quality measures were favorable, although commercial real estate concentration remained more than double the national average despite continued capital accretion. Meanwhile, the average level of on-balance sheet liquidity tightened further and continued to trail the national average.

Key Economic Metrics (ranking #1 = highest in the nation)

Year-over-Year Job Growth: 1.9%

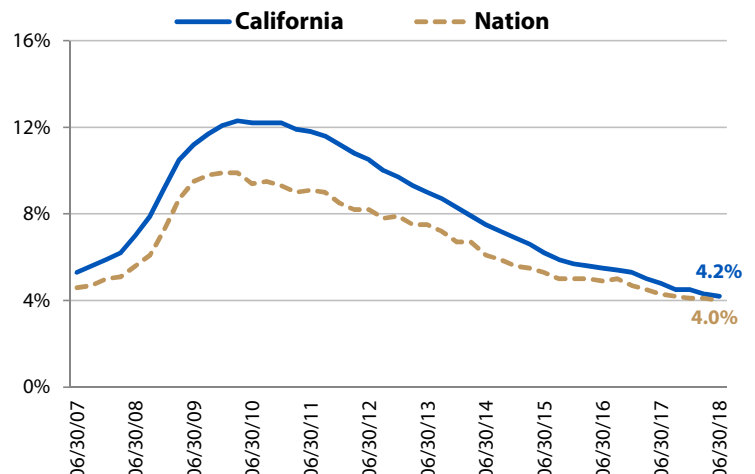
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Establishment Survey, nonfarm payrolls, quarterly average, seasonally adjusted
Source: Bureau of Labor Statistics

Unemployment: 4.2%

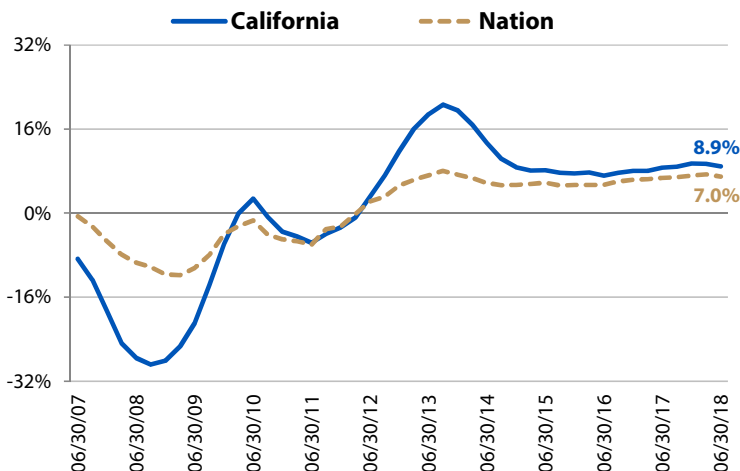
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Household Employment Survey, end of period, seasonally adjusted
Source: Bureau of Labor Statistics

Year-over-Year Home Price Growth: 8.9%

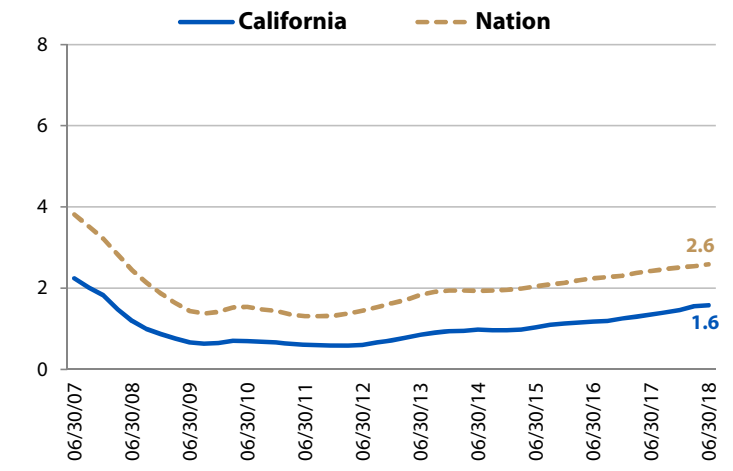
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Housing Price Index, year-over-year change of average home prices
Source: Federal Housing Finance Agency

Single Family Permits / 1,000 Residents: 1.6

Rank: #41



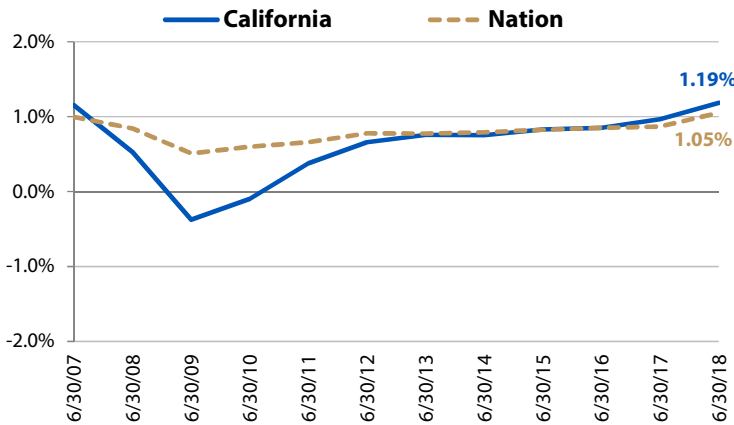
Trailing twelve month single family permits / average twelve month population in thousands, by state
Source: Census Bureau

The opinions expressed in this publication are those of the authors. Opinions are intended only for informational purposes, and are not formal opinions of, nor binding on, the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.

Key Banking Metrics (averages across banks; ranking #1 = highest in the nation)

Year to Date Return on Average Assets: 1.19%

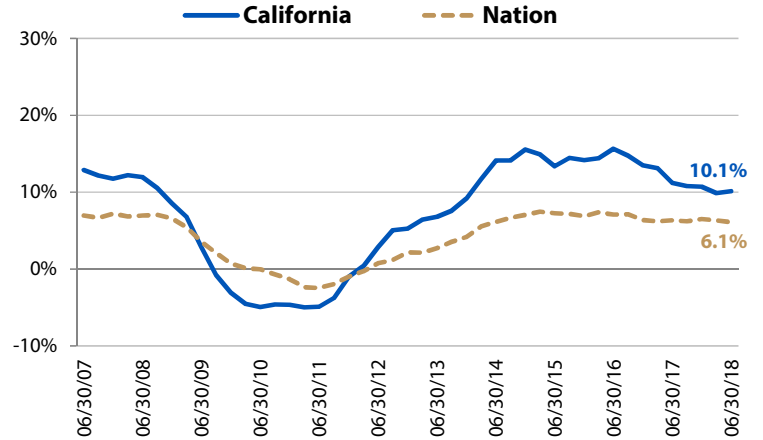
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Net income / average assets, adjusted for S-Corps, annualized

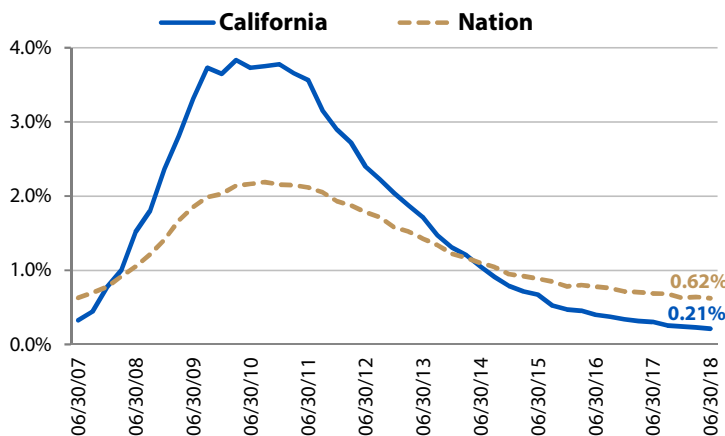
Year-over-Year Net Loan Growth: 10.1%

Rank: #6



Nonperforming Assets / Total Assets: 0.21%

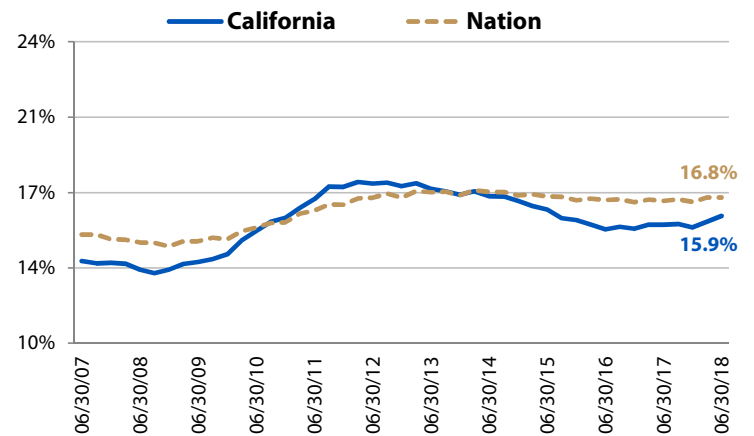
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90+ days past due + nonaccruals + other real estate owned / total assets

Total Risk-Based Capital Ratio: 15.9%

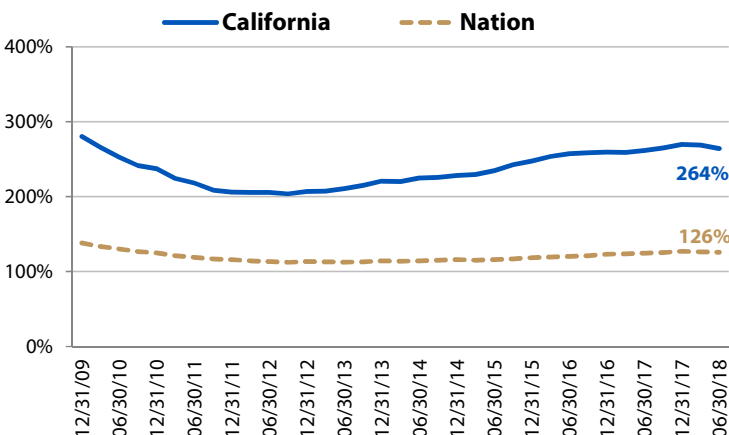
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Total capital / risk-weighted assets

CRE Concentration: 264%

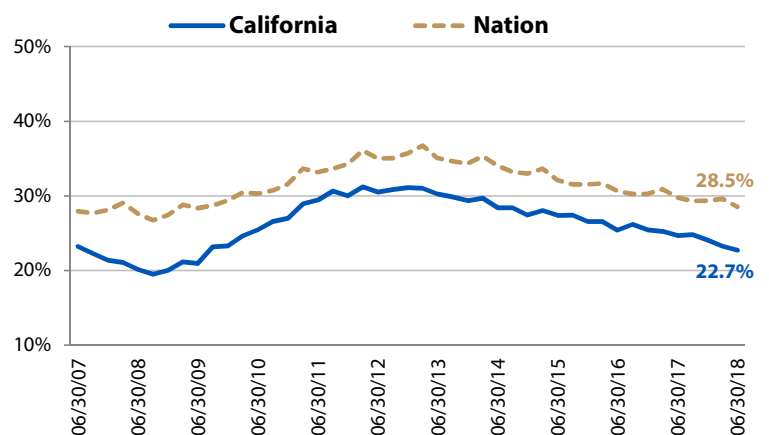
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Total nonowner-occupied commercial real estate / total capital (data first available in 2009)

Securities and Liquid Invest. / Total Assets: 22.7%

Rank: #39



Liquid investments = cash, due from balances, interest bearing bank balances, and Fed funds sold and securities purchased under agreements to resell

Source: Call Report data for commercial banks based upon headquarters location. Averages are calculated on a "trimmed" basis by removing the highest 10% and lowest 10% of ratio values prior to averaging to prevent distortion from outliers. All charts display quarterly data, except for return on average assets which displays the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude "De Novo" banks (banks less than five years old). As of the latest period, the count of banks included in these statistics were 145 for the state and 4,794 for the nation.